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# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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June 19, 2001

To: Supervisor Michael D. Antonovich, Mayor  
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Supervisor Zev Yaroslavsky  
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From: David E. Janssen   
Chief Administrative Officer

## STATE LEGISLATIVE UPDATE

### State Budget Conference Committee Report No. 6

The State Budget Conference Committee reconvened shortly before eight last night, after four days without a hearing. The Committee focused on the Supplemental Report Language Agenda. Supplemental Report language is used by the Legislature to request specific reports or analyses by the Legislative Analyst or any of the departments or agencies of State government. Actions on this language are usually taken at the end of the Conference Committee's work on the Budget.

The most significant event of the evening occurred after the Supplemental Language deliberations when the representative from the Department of Finance (DOF) told the Conferees that the Governor believes a reserve of \$2.5 billion to \$3 billion is necessary. The State's uncertain economic future, as evidenced by recent tax receipt data, which included a \$149 million drop in sales tax revenue for the month of May, was cited by the DOF as the basis for the higher reserve request.

In order to meet the more ambitious reserve target, the administration is proposing the following reductions: Business, Transportation and Housing—\$30million, Resources—\$90 million, Health and Human Services—\$200 million, Youth and Adult Corrections—\$30 million, General Government—\$35 million, Tax Relief—\$300 million, K-12 and Community Colleges—\$500 million. The DOF also indicated that local government could suffer "modest cuts." Specific details for each category are not yet available. Even with the administration's proposed reductions, it will still be necessary for the Conference Committee to trim another \$1 billion to \$1.5 billion to reach the new reserve targets.

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Specific supplemental report language was adopted requesting the State Department of Mental Health to conduct field audits of mental health plans regarding services provided by counties under the Early and Periodic Screening, Diagnosis and Treatment program. The Conferees also adopted language requiring the State Department of Alcohol and Drug Programs to report back to the budget subcommittees during the 2002 budget hearings on: (1) the status of its plan to improve access to Drug Medi-Cal, especially for children and young adults under age 22, including planned changes in rates, treatment approval procedures, and scope of benefits; and (2) an analysis of county allocations, including total funds available, federal funds and discretionary funds available per resident.

The Conference Committee was scheduled to meet again this morning at 10 a.m., and according to Assembly Member Cardenas, "marathon" sessions will now take place.

#### **Status of County-Interest Legislation**

**County-supported AB 70 (Wright)**, which would establish the Thermal Imaging Equipment Purchasing Program to acquire firefighting equipment on behalf of local and State agencies, was amended on June 14, 2001 to require the State Director of Emergency Services to seek funding from private and other sources if the State appropriation from the General Fund is insufficient to meet the needs of local agencies. AB 70 remains in the Senate Committee on Governmental Organization.

**County-supported AB 1525 (Liu)** passed the Senate Health and Human Services Committee on June 13, 2001, and now proceeds to the Senate Appropriations Committee. Under existing law, a child care facility that contracts with the State can qualify for funding under alternative payment programs only when 75 percent or fewer children are subsidized. AB 1525 would authorize the State Department of Education to grant waivers to licensed child care centers with State contracts to allow them to exceed the 75 percent cap, and still receive alternative payment program funding.

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We will continue to keep you advised.

DEJ:GK  
JKL:DW:DS:md

c:     Executive Officer, Board of Supervisors  
         County Counsel  
         All Department Heads  
         Legislative Strategist  
         Coalition of County Unions  
         California Contract Cities Association  
         Independent Cities Association  
         League of California Cities  
         City Managers Associations  
         Buddy Program Participants